



Treasurer's Report

August 10, 2010

TO: Honorable Mayor and Town Council
FROM: Roger Carroll, Treasurer/Finance Officer
DATE: August 3, 2010
RE: Monthly Treasurer's Report

RECOMMENDED ACTION:

Receive and file.

ISSUE STATEMENT AND DISCUSSION:

California Government Code and Town Municipal Code require monthly Treasurer's reports. The reports attached are as follows:

- Investment Policy Compliance Report - lists the types of investments allowable by the State and the Town and whether our investments comply.
- Quality Analysis Report - groups the investments by Moody Rating Group.
- Transaction Ledger Report – shows the purchases, sales, interest payments and redemptions during the report period.

Other Information

COMPLIANCE WITH INVESTMENT POLICY:

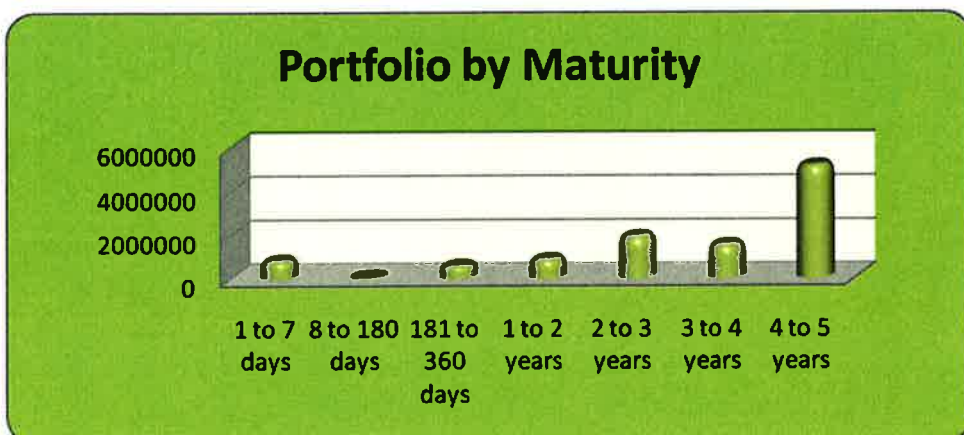
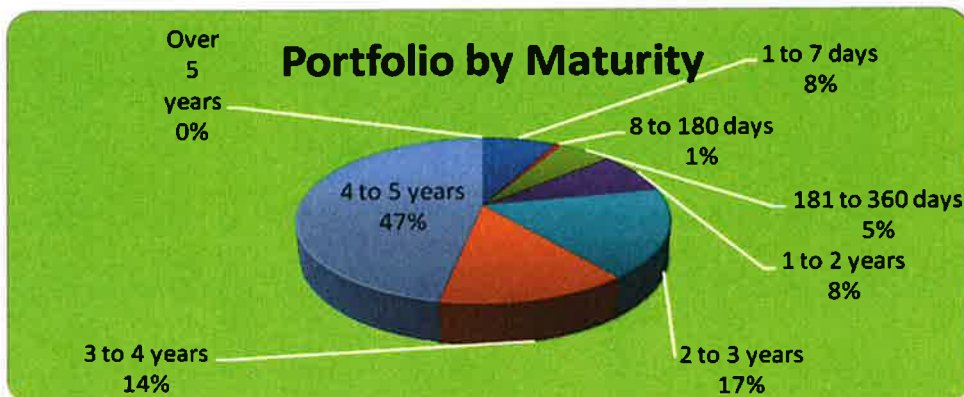
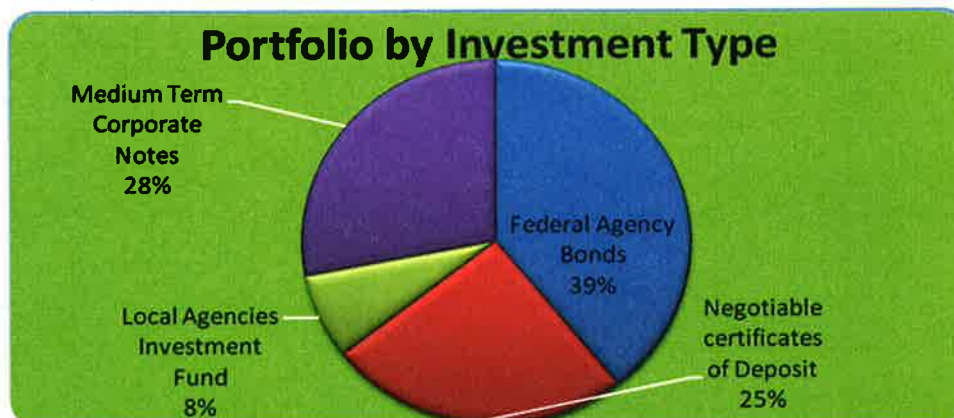
The Town is in compliance with its investment policy. The Lehman Brothers bonds have been downgraded to below investment level. The Town's investment policy does not require immediate liquidation of such bonds, but allows some discretion. As these bonds went suddenly from AA investment grade to below investment grade the day that Lehman Brother's declared bankruptcy, the majority of the resale value was gone before markets opened. Union bank is currently reporting the value of the \$500,000 par value bonds at \$98,750, but conservative estimates report that at liquidation in bankruptcy court, the bonds will return between \$210,000 at the low end and \$350,000 at the high end. The Treasurer recommends waiting for the bankruptcy proceedings.

Other Information

Benchmarks as of July 31, 2010:

Federal Lending Rate: 0.25%
Two Year T-Bill Rate: 0.55%
LAIF daily Rate 0.51%

Town of Loomis Weighted Average Rate, excluding LAIF investments: 3.35%
Average Maturity is 3.32 years.



Strategy

The Treasurer's current practice is:

- Sell bonds with higher interest rates to capture the market gain before it evaporates, but only if replacement earnings plus the market gain exceed the current projected earnings.
- Approximate a "barbell" strategy by investing in higher earning investments in the four to five year maturity range, and shorter term investments to be in position for when rates start to climb in 2011.

POLICY AND/OR FINANCIAL IMPLICATIONS:

None.

Attachments: Investment Policy Compliance Report
Quality Analysis Report
Transaction Ledger Report

Town of Loomis
Investment Policy Compliance
with Government Code Standards, and the Town of Loomis Investment Plan Standards
As of July 31, 2010

Current Portfolio Balance: \$ 11,075,321

Ca Government Code Section 53601	Govt Code Maximum %	Loomis Maximum %	Loomis Actual %	Complies
a Bonds issued by Loomis		5.00%		Yes
b Federal Treasury notes, bonds, bills	100.00%	100.00%		Yes
c State agency bonds, etc	100.00%	50.00%		Yes
d Local agency bonds, etc	100.00%	50.00%		Yes
e Federal Agency Bonds	100.00%	100.00%	39.25%	Yes
f Bankers Acceptances	40.00%	40.00%		Yes
g Commercial Paper	30.00%	15.00%		Yes
h Negotiable certificates of Deposit	30.00%	30.00%	25.20%	Yes
l(1) Repurchase Agreements	20.00%	20.00%		Yes
l(3) Reverse Repurchase Agreements	20.00%	20.00%		Yes
Local Agencies Investment Fund		100.00%	7.54%	Yes
h Time Deposits	30.00%	25.00%		Yes
j Medium Term Corporate Notes	30.00%	30.00%	28.01%	Yes
k Shares of Beneficial Interest	20.00%	0.00%		Yes
l Local agency Certificates of Participation, security pledges, lease installments, etc.		0.00%		Yes
m Local agency notes, bonds, etc.		0.00%		Yes
n Mortgage pass through security bonds	20.00%	0.00%		Yes
Total			100.00%	

Target Share of Portfolio per Investment Policy			Actual %	Actual \$
Range	Not Less Than	Not More Than		
1 to 7 days	5%	70%	8%	834,816
8 to 180 days	0%	30%	1%	80,006
181 to 360 days	0%	30%	6%	610,555
1 to 2 years	0%	40%	8%	897,000
2 to 3 years		40%	17%	1,920,607
3 to 4 years		30%	14%	1,543,910
4 to 5 years		30%	47%	5,188,427
Over 5 years		0%	0%	
Total				11,075,321

Note: The Town holds \$500,000 in senior unsecured bonds in Lehman Brothers, which, due to bankruptcy have fallen below investment grade. See the narrative for further details.

Town of Loomis
Quality Analysis Report
7/31/2010

			SETTLEMENT	NEXT	MATURITY		DISCOUNT	BOOK	7/31/2008	UNREALIZED
			DATE	COUPON	DATE	UNITS	OR PREMIUM	VALUE	MARKET	MARKET
Cusip	NAME	RATE							VALUE	GAIN/LOSS
3133XWX95	AGY FHLB	2.750%	3/25/2010	9/13/2010	3/13/2015	500,000.00	(339.20)	499,660.80	521,565.00	21,904.20
3133XYKs3	AGY FHLB	2.875%	6/3/2010	12/3/2010	6/3/2015	250,000.00		250,000.00	251,797.50	1,797.50
3133XWSS9	AGY FHLB s/u	1.250%	2/10/2010	8/10/2010	2/10/2015	250,000.00	(343.75)	249,656.25	250,077.50	421.25
3133XYUU7	AGY FHLB s/u	1.000%	6/30/2010	12/30/2010	6/30/2015	500,000.00	(491.67)	499,508.33	500,000.00	491.67
3133F4PM7	AGY FHLMC s/u	2.000%	5/18/2010	9/15/2010	3/15/2015	250,000.00		250,000.00	252,730.00	2,730.00
3128X9L81	AGY FHLMC	2.125%	3/24/2010	9/24/2010	3/24/2015	250,000.00	(343.75)	249,656.25	250,710.00	1,053.75
3136FMUD4	AGY FNMA	2.700%	5/26/2010	11/26/2010	5/26/2015	500,000.00		500,000.00	507,970.00	7,970.00
31398AB68	AGY FNMA	2.750%	12/29/2009	12/29/2010	12/29/2014	520,000.00	(1,352.00)	518,648.00	525,038.80	6,390.80
31398AVC3	AGY FNMA	3.150%	3/11/2009	3/11/2010	2/18/2014	250,000.00	(89.64)	249,910.36	253,360.00	3,449.64
3136FJ3A7	AGY FNMA s/u	2.150%	2/24/2010	8/24/2010	2/24/2015	250,000.00		250,000.00	250,312.50	312.50
3136FJ3J8	AGY FNMA s/u	2.500%	2/24/2010	8/24/2010	2/24/2015	250,000.00		250,000.00	250,390.00	390.00
3136FM3D4	AGY FNMA s/u	1.500%	7/28/2010	1/28/2011	7/28/2015	500,000.00		500,000.00	500,470.00	470.00
02003MBQ6	AA Alstate LF GLB	5.375%	5/1/2009	10/30/2010	4/30/2013	250,000.00		250,000.00	274,412.50	24,412.50
02580VBJ3	CD Amex Bank FSB	5.000%	11/26/2008	11/26/2010	11/26/2013	100,000.00		100,000.00	108,873.00	8,873.00
02586TBJ2	CD Amex Bank	5.000%	11/26/2008	11/26/2010	11/26/2013	100,000.00		100,000.00	108,873.00	8,873.00
06740KCB1	CD Barclays Bank	3.200%	10/14/2009	10/14/2010	10/14/2014	100,000.00		100,000.00	102,488.00	2,488.00
05568PPD3	CD BMW Bank	3.550%	3/31/2009	9/30/2010	3/31/2014	97,000.00		97,000.00	101,046.84	4,046.84
14041AXS3	CD CAP 1	4.400%	1/24/2008	7/23/2010	1/23/2012	100,000.00		100,000.00	104,976.00	4,976.00
14042EDU1	CD CAP1	4.400%	1/24/2008	7/23/2010	1/23/2012	100,000.00		100,000.00	104,976.00	4,976.00
140653TS5	CD CAPMARK BANK	5.000%	10/22/2008	10/22/2010	10/22/2013	100,000.00		100,000.00	108,765.00	8,765.00
17284ADC9	CD CIT Bank	3.650%	5/22/2009	11/22/2010	5/22/2014	100,000.00		100,000.00	104,531.00	4,531.00
25469J5W5	CD DISCOVER BANK	3.550%	5/20/2009	11/20/2010	5/20/2014	100,000.00		100,000.00	102,090.00	2,090.00
254670RF1	CD DISCOVER BANK	2.900%	11/12/2009	12/12/2010	11/12/2013	100,000.00		100,000.00	104,164.00	4,164.00
25811LBV0	CD Doral Bank	3.050%	3/30/2009	7/30/2010	3/30/2012	97,000.00		97,000.00	99,902.24	2,902.24
25811LUH0	CD Doral Bank	2.150%	5/14/2010	8/14/2010	5/14/2013	100,000.00		100,000.00	100,352.00	352.00
3191404X4	CD Firstbank Highland	3.400%	5/20/2009	11/20/2010	5/20/2014	100,000.00		100,000.00	103,613.00	3,613.00
337629K65	CD Firstbank PR	2.150%	5/14/2010	8/14/2010	5/14/2013	100,000.00		100,000.00	100,352.00	352.00
35039UBE3	CD Foundation Bank	3.300%	2/27/2009	8/27/2010	2/27/2013	100,000.00		100,000.00	100,391.00	391.00
36185ASE9	CD GMAC BANK	3.800%	3/28/2008	8/29/2010	3/28/2011	100,000.00		100,000.00	102,288.00	2,288.00
36160XFJ1	CD GE Cap in dc	3.500%	4/30/2009	10/30/2010	4/30/2014	100,000.00		100,000.00	103,987.00	3,987.00
36159SHN4	CD GE Money Bnk	2.400%	11/13/2009	11/13/2010	11/13/2012	100,000.00		100,000.00	101,550.00	1,550.00
36159SEJ6	CD GE Money Bnk	4.750%	12/18/2008	12/5/18/10	12/18/2013	100,000.00		100,000.00	108,125.00	8,125.00
36962G2L7	AA GECC	5.000%	10/1/2007	10/7/2010	4/10/2012	250,000.00		250,000.00	264,200.00	14,200.00
36962GK94	AA GECC (F)	0.797%	6/28/2010	9/15/2010	9/15/2014	100,000.00	(5,877.56)	94,122.44	95,242.00	1,119.56
38141EKF5	A GOLDMAN SACHS	0.807%	7/16/2010	7/22/2010	7/22/2015	250,000.00	(18,437.50)	231,562.50	235,315.00	3,752.50
381426HR9	CD GOLDMAN SACHS BAI	4.450%	4/30/2008	10/30/2010	4/30/2013	100,000.00		100,000.00	106,674.00	6,674.00
40429XUJ3	AA- HSBC	6.000%	11/16/2009	10/15/2010	4/15/2013	250,000.00	15,086.54	265,086.54	269,105.00	4,018.46
45974VB31	A1 AIG	5.300%	5/22/2007	11/1/2010	5/1/2012	250,000.00		250,000.00	243,750.00	(6,250.00)
46625HHB9	AA- JP Morgan	4.750%	5/26/2009	11/1/2010	5/1/2013	250,000.00	5,520.00	255,520.00	269,975.00	14,455.00
49306SFQ4	CD Key Bank	4.700%	10/1/2008	8/1/2010	10/1/2012	100,000.00		100,000.00	106,684.00	6,684.00
52517PK59	A2 LEHMAN BRO	5.750%	10/6/2006		7/18/2011	500,000.00	10,554.78	510,554.78	106,250.00	(404,304.78)
59018YM40	A2 MERIL LYNCH	5.450%	3/28/2008	10/5/2010	2/5/2013	250,000.00		250,000.00	265,510.00	15,510.00
61747MQF1	CD MORGAN STANLEY CI	5.050%	10/29/2008	12/29/2010	10/29/2013	100,000.00		100,000.00	108,947.00	8,947.00
61746BCW4	AA3 MORGAN STANLEY	4.100%	1/29/2010	7/26/2010	1/26/2015	275,000.00		275,000.00	278,429.25	3,429.25
635349FE8	CD NATL CITY BANK	4.000%	3/31/2008	10/2/2010	4/2/2012	100,000.00		100,000.00	104,617.00	4,617.00
785907AV8	CD Saehan Bank	3.400%	3/31/2009	7/27/2010	3/24/2014	97,000.00		97,000.00	100,968.27	3,968.27
7954550HP3	CD Sallie Mae Bk	3.500%	2/19/2009	8/19/2010	2/19/2014	100,000.00		100,000.00	103,998.00	3,998.00
92979HFG6	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2010	7/25/2013	100,000.00		100,000.00	106,922.00	6,922.00
92976GAC5	AA WACHOVIA BANK	0.720%	6/28/2010	8/3/2010	11/3/2014	500,000.00	(29,387.76)	470,612.24	477,225.00	6,612.76
92977BQA2	CD WACHOVIA BANK	5.000%	7/25/2008	7/25/2010	7/25/2013	100,000.00		100,000.00	106,922.00	6,922.00
929781FF4	CD WACHOVIA MTG	5.000%	7/25/2008	8/25/2010	7/25/2013	100,000.00		100,000.00	106,922.00	6,922.00
ACCRUED INT	AGY					80,006.02		80,006.02		
Sub- total						10,266,006.02	(25,501.51)	10,240,504.51	10,017,832.40	(142,666.09)
Balance on account with LAIF						834,816.31		834,816.31	834,816.31	
Total Portfolio						11,100,822.33		11,075,320.82		

Town of Looms
Transaction Ledger
7/01/10 to 7/31/10

<u>Trans Date</u>				<u>Amount</u>	<u>Premium/Gain</u>
<u>Trans Type</u>	<u>Quantity</u>	<u>Description</u>	<u>Price</u>	<u>Int Purch/Sold</u>	<u>(Discount)/(Loss)</u>
7/1/2010 Interest Received	0.78	Highmark Treas Fund 0.01% floating 7 day	1.000	0.78	0.78
6/1/2010 Interest Received	6,125.00	Metlife Inc 6.125% due 12/01/11	1.000	6,125.00	6,125.00
6/1/2010 Interest Received	312.33	GMAC Bank 3.8% due 3/28/11	1.000	312.33	312.33
7/1/2010 Interest Received	251.27	Doral Bank 3.05% due 3/30/12	1.000	251.27	251.27
7/2/2010 Interest Received	386.30	Key Bank 4.7% due 10/01/12	1.000	386.30	386.30
7/7/2010 Bond Called	500,000.00	FHLMC 3.0% due 7/07/15	1.000	500,000.00 3,750.00	3,750.00
7/15/2010 Interest Received	8,250.00	Goldman Sachs 6.6% due 1/15/12	1.000	8,250.00	8,250.00
7/15/2010 Interest Received	176.71	Firstbank PR 2.15% due 5/14/13	1.000	176.71	176.71
7/15/2010 Interest Received	176.71	Doral Bank 2.15% due 5/14/15	1.000	176.71	176.71
7/16/2010 Bond Sold	250,000.00	Goldman Sachs 6.6% due 1/15/12	1.063	265,625.00 45.83	15,670.83
7/16/2010 Bond Purchased	250,000.00	Goldman Sachs F/R due 7/22/15	0.925	231,250.00 417.44	(18,332.56)
7/22/2010 Interest received	446.90	Goldman Sachs F/R due 7/22/15	1.000	446.90	446.90
7/26/2010 Interest Received	2,181.92	Capital One Bank 4.40% due 1/23/12	1.000	2,181.92	2,181.92
7/26/2010 Interest Received	2,181.92	Capital One Bank 4.40% due 1/23/12	1.000	2,181.92	2,181.92

7/26/2010	2,479.45	Wachovia	1.000	2,479.45	2,479.45
Interest Received		5.0% due 7/25/13			
7/26/2010	2,479.45	Wachovia	1.000	2,479.45	2,479.45
Interest Received		5.0% due 7/25/13			
7/26/2010	5,637.50	Morgan Stanley	1.000	5,637.50	5,637.50
Interest Received		4.1% due 1/26/15			
7/27/2010	2,479.45	Wachovia	1.000	2,479.45	2,479.45
Interest Received		5.0% due 7/25/13			
7/28/2010	500,000.00	FNMA su	1.000	500,000.00	-
Bond Purchased		1.5% due 7/28/15			
7/29/2010	312.33	GMAC Bank	1.000	312.33	312.33
Interest Received		3.8% due 3/28/11			

Local Agency Investment Fund

7/8/2010	500,000.00	Local Agency Investment	1.000	500,000.00	
Deposit		Fund State Pool			
7/15/2010	1,400.01	Local Agency Investment	1.000	1,400.01	
Qtrly Interest		Fund State Pool			
7/22/2010	(25,000.00)	Local Agency Investment	1.000	(25,000.00)	
Withdrawal		Fund State Pool			
7/27/2010	(475,000.00)	Local Agency Investment	1.000	(475,000.00)	
Withdrawal		Fund State Pool			